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ABSTRACT

This instructor guide for a unit on promotion in the PACE (Program for Acquiring Competence in Entrepreneurship) curriculum includes the full text of the student module and lesson plans, instructional suggestions, and other teacher resources. The competencies that are incorporated into this module are at Level 2 of learning--planning for a business in one's future. Included in the instructor's guide are the following: unit objectives, guidelines for using PACE, lists of teaching suggestions for each unit objective/subobjective, model assessment responses, and overview of the three levels of the PACE program. The following materials are contained in the student's guide: activities to be completed in preparation for the unit, unit objectives, student reading materials, individual and group learning activities, case study, discussion questions, assessment questions, and references. Among the topics discussed in the unit are the following: the purpose of promotion, the promotional mix, public relations and publicity, the options of sales promotion, selection of promotional ingredients, creation of promotional mixes and promotion campaigns for small businesses, and ways of dealing with unfavorable publicity. (MN)

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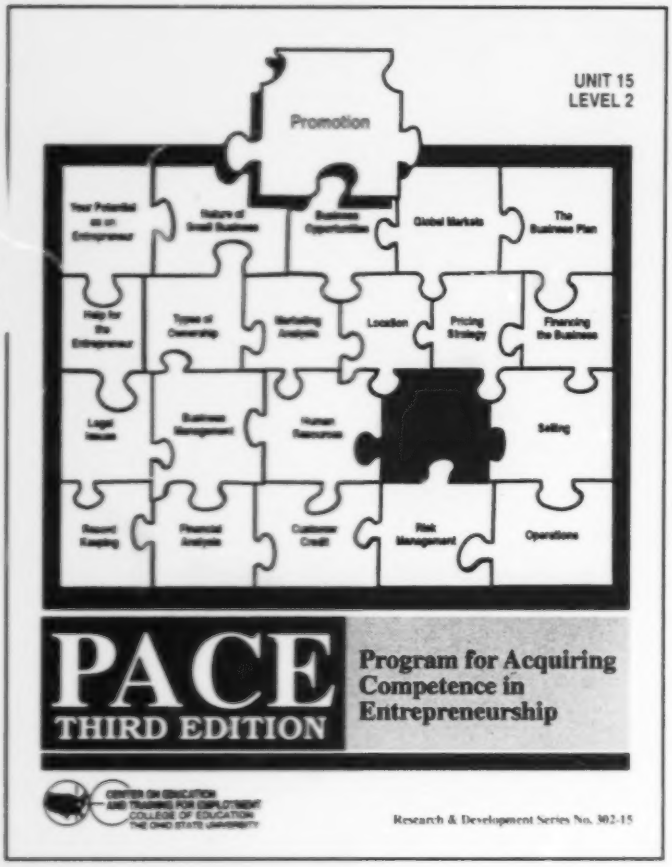

Objectives:

- State the purpose of promotion.
- Identify the four components in the promotional mix.
- Discuss the role of public relations and publicity.
- Discuss the options for sales promotion.
- Analyze media available.
- Discuss the promotional campaign.

INSTRUCTOR GUIDE

Unit 15

Promotion

Level 2

HOW TO USE PACE

- Use the objectives as a pretest. If a student is able to meet the objectives, ask him or her to read and respond to the assessment questions in the back of the module.
- Duplicate the glossary from the *Resource Guide* to use as a handout.
- Use the teaching outlines provided in the *Instructor Guide* for assistance in focusing your teaching delivery. The left side of each outline page lists objectives with the corresponding headings (margin questions) from the unit. Space is provided for you to add your own suggestions. Try to increase student involvement in as many ways as possible to foster an interactive learning process.
- When your students are ready to do the *Activities*, assist them in selecting those that you feel would be the most beneficial to their growth in entrepreneurship.
- Assess your students on the unit content when they indicate they are ready. You may choose written or verbal assessments according to the situation. Model responses are provided for each module of each unit. While these are suggested responses, others may be equally valid.

CE 067 065

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Objectives	Teaching Suggestions
1. STATE THE PURPOSE OF PROMOTION	
What is the purpose of promotion?	Ask students what they think would happen if a business did not promote its products and services. How would society be affected if there were no promotion? Many people may think this is a good thing. Why?
2. IDENTIFY THE FOUR COMPONENTS IN THE PROMOTIONAL MIX	
What is the promotional mix?	Ask students to explain the concept of promotion. Record their responses on a chalkboard or overhead. Categorize them into the four components of promotion. Have students define public relations and give several examples of such activities. Compare publicity to advertising.
3. DISCUSS THE ROLE OF PUBLIC RELATIONS AND PUBLICITY	
What is the role of public relations and publicity?	Define public relations. Ask students to give examples of promotion through public relations. Create a chart to show the key words identifying public relations.
4. DISCUSS THE OPTIONS FOR SALES PROMOTION	
What are the options of sales promotions?	Present to the class a number of samples used in sales promotion activities. Discuss sampling, contests, sweepstakes, games, premiums, and other sales promotion activities used to promote products.
5. ANALYZE MEDIA AVAILABLE	
How are promotional mix ingredients selected?	Describe hypothetical promotional strategies, and ask the class to identify them as *push* or *pull* strategies.
How do you analyze the media?	Ask the class to identify other factors (besides push and pull strategies) which would affect the media selected. Record responses on a chalkboard or overhead.

6. DISCUSS THE PROMOTIONAL CAMPAIGN	
How is the promotional mix created for a small business?	Divide the class into small groups. Ask each group to outline a promotional campaign for an actual or hypothetical business. Groups should identify which of the four components of promotion they will incorporate into their campaign. In addition, they must provide rationale for their promotional campaign.
What is the promotional campaign?	Ask each of the above small groups to discuss how they will evaluate their promotional campaign. Small groups should then report back to the class.
Who develops the promotional campaign?	Discuss the advantages and disadvantages of the three ways of managing handling a campaign.
When must you deal with unfavorable publicity?	Create and describe a hypothetical publicity crisis for a business. Have the students describe how they would handle the situation.

MODEL ASSESSMENT RESPONSES

1. Promotion plays a major communication role in the buyer-seller relationship. Promotional communication is targeted to a specific market segment to induce buyers to buy a particular product. To benefit from promotion, entrepreneurs need to make sure promotional activities are carefully planned, coordinated, and controlled. Promotional efforts are most successful when the promotional activities are developed based on complete information about the selected audience.

2. The four components of the promotional mix are (1) advertising, (2) personal selling, (3) public relations, and (4) sales promotion.

   (1) *Advertising* is a cost-efficient method of communicating benefits and features of the product to a large target audience. Even though the advertising cost per person reached is low, the total dollar cost might be very high. For this reason, advertising should be used when the business has the financial capabilities to allocate a large dollar amount to the advertising budget. In addition, although advertising enhances the business's image, it usually does not provide immediate feedback.

   (2) *Personal selling* is a personal promotional method. It is used mainly when the business needs to reach the potential customer quickly. Although the costs per person reached are higher than those associated with advertising, personal selling provides immediate feedback. To benefit from personal selling, a business should recruit and train an effective salesforce.

   (3) *Public relations* includes promotional efforts employed to create and maintain favorable relations between the business and the larger public. Public relations enhances the business's image through the use of research and analysis, policy formation, programming, communication, and feedback from the cust mers affected. The most important form of public relations is publicity. Unlike advertising, publicity messages

are usually free of charge, and often take the form of news stories about the business and/or its products. All businesses should use public relations to induce awareness of the larger public.

(4) *Sales promotion* is a form of promotion designed to entice the customer to buy a product, as well as offer added value and purchase incentive to a product. This promotional activity should be employed in order to increase the effectiveness of other promotional efforts (i.e., advertising and personal selling). Examples of sales promotion include sampling, contests, sweepstakes, games, premiums, couponing, product demonstrations, and displays. These methods are to be used according to the promotional needs of the business.

3. Media available to entrepreneurs include radio, television, newspapers, magazines, direct mail, and outdoor displays. Radio and television are considered audio-video media; whereas, newspaper, magazine, and outdoor displays are print media. Depending on size, outdoor displays may also be considered visual media.

4. The cost of a particular media is an important selection consideration. Entrepreneurs need to understand the difficulty involved with accurately comparing the cost and impact of different types of media used in advertising. More precisely, it is most difficult to estimate the cost and impact of a television commercial.

5. Push-strategy promotional efforts focus on promoting a product only to the next institution down the marketing channel (e.g., in a marketing channel with wholesalers and retailers, the manufacturer promotes the product to the wholesaler). On the other hand, a pull-strategy focuses on promoting the product directly to the consumer in order to induce a strong demand for the product. The pull-strategy is aimed at gaining market share.

PACE
THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

Incorporates the needed competencies for creating and operating a small business at three levels of learning, with experiences and outcomes becoming progressively more advanced.

Level 1 — Understanding the creation and operation of a business.
Level 2 — Planning for a business in your future.
Level 3 — Starting and managing your own business.

Self-contained **Student Modules** include: specific objectives, questions supporting the objectives, complete content in form of answers to the questions, case studies, individual activities, group activities, module assessment references. **Instructor Guides** include the full text of each student module and lesson plans, instructional suggestions, and other resources. **PACE, Third Edition, Resource Guide** includes teaching strategies, references, glossary of terms, and a directory of entrepreneurship assistance organizations.

For information on PACE or to order, contact the Publications Department at
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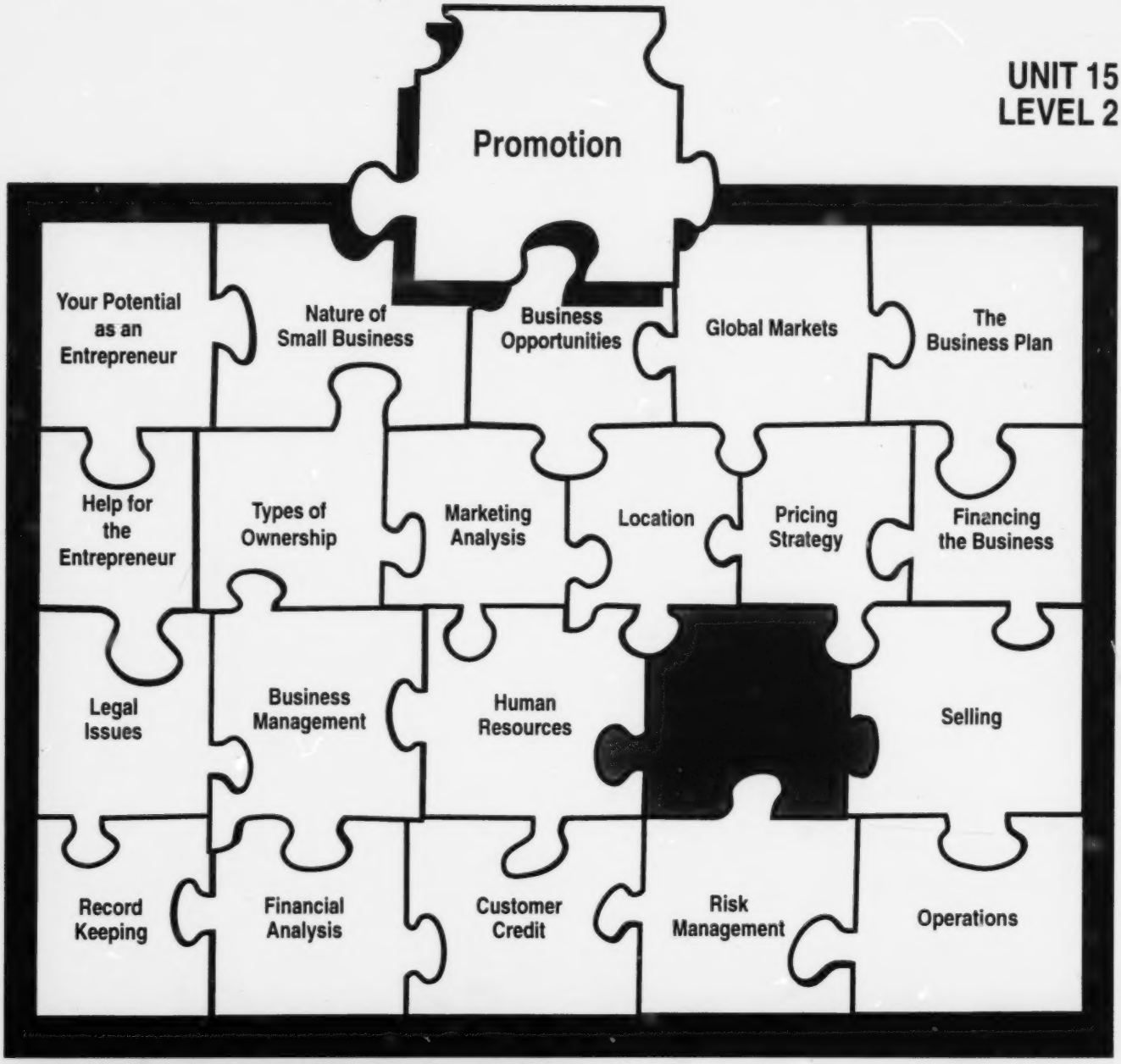
UNIT 15
LEVEL 2



PACE
THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

CENTER ON EDUCATION AND TRAINING FOR EMPLOYMENT
COLLEGE OF EDUCATION
THE OHIO STATE UNIVERSITY

Research & Development Series No. 302-15

PROMOTION

BEFORE YOU BEGIN . . .

1. Consult the *Resource Guide* for instructions if this is your first PACE unit.

2. Read What are the Objectives for this Unit on the following page. If you think you can meet these objectives now, consult your instructor.

3. These objectives were met in Level 1:

   - Define the concept of promotion.
   - Describe the promotional mix.
   - Discuss the importance of promotion.

4. Look for these business terms as you read this unit. If you need help with the meanings, ask your instructor for a copy of the PACE Glossary contained in the *Resource Guide*.

Advertising
Captioned photograph
Closed display
Contest/sweepstakes/games
Couponing
Display
Feature article
Feedback
Model display
News release
Open display
Personal selling
Point-of-purchase advertising
Premiums
Press conference
Pretests/posttests
Product demonstration
Promotional mix
Publicity
Public relations
Pull policy
Push policy
Recall testing
Recognition test
Recognition testing
Sales promotion
Sampling
Unaided/aided recall test
Wall and ledge display

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PROMOTION

WHAT ARE THE OBJECTIVES FOR THIS UNIT?

Upon completion of this unit you will be able to—

- state the purpose of promotion,
- identify the four components in the promotional mix,
- discuss the role of public relations and publicity,
- discuss the options for sales promotion,
- analyze media available, and
- discuss the promotional campaign.

WHAT IS THIS UNIT ABOUT?

In our highly competitive business economy, every business organization must keep prospective customers continually aware of its products or services through promotion. Promotion is the life blood of the small business which must compete with large, established ones. If you are interested in a profitable business venture, be sure to place special emphasis on promoting your business.

WHAT IS THE PURPOSE OF PROMOTION?

When people think about promotion, they frequently take one of two extreme positions. Some people believe that promotion is the core of the business. They are likely to focus on advertising since it is the most visible form of promotion. Other people believe promotion is unnecessary and wasteful. They note that promotion costs (especially advertising) are high—sometimes excessively so. These doubters believe these costs drive prices higher. Neither opinion, however, is correct.

The purpose of *promotion* is to communicate with individuals, groups, or organizations to bring a business's goods or services to the favorable attention of potential customers. For instance, Nike recruited tennis professional John McEnroe to promote a tennis apparel line; Joan Benoit, marathon runner, to endorse the more traditional running shoe; and Michael Jordan, to promote the Air Jordan line of basketball shoes. Nike felt the best way to support sagging sales was to offer a more widely promoted product line that targeted specific audiences. To do this, Nike used readily identifiable athletes to promote this message.

Viewed from this perspective, promotion can play a major communication role. Promotion activities should be directed toward helping a business maintain a positive, healthy relationships with its customers.

Entrepreneurs often design a communication precisely for a specific audience. Frequently businesses communicate several different messages at the same time, each to a different group. For example, McDonald's Food Corporation may direct one communication toward customers for its Big Mac, a second message toward investors about the organization's stable growth, and a third communication toward society in general regarding the company's social awareness in supporting Ronald McDonald Houses.

To gain maximum benefit from promotional efforts, entrepreneurs must make every effort to be sure communications are properly planned, coordinated, and controlled. Effective promotion activities are based on information from the promotion environment (see Figure 1). How effectively owners can use promotion to maintain positive relationships depends largely on the quantity and quality of information available. For example, pizza companies want to communicate effectively with customers to influence them to buy their products. To do so, they must have data about customers and about the kinds of information customers use in making decisions when buying pizza. Therefore, to successfully communicate with selected audiences, Domino's Pizza collected information and determined that pizza consumers wanted quick delivery. Now, Domino's makes delivery time their priority.

WHAT IS THE PROMOTIONAL MIX?

Several different promotional methods can be used to communicate with individuals, groups, and organizations. When a business combines different promotional ingredients, that combination makes up the promotional mix for that product. Let's analyze the

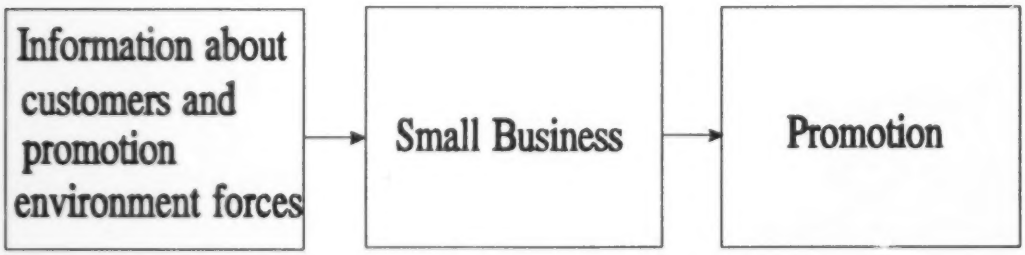

Figure 1. Information flows into and out of a small business

major ingredients of a promotional mix. In addition, let's look at the primary factors that affect the choice of the promotional ingredients in the promotional mix.

The four possible ingredients of a *promotional mix* are *advertising*, *personal selling*, *public relations*, and *sales promotion*. For some products, businesses use all four ingredients (see Figure 2); for other products, only two or three are necessary. At this point, consider some general characteristics of each promotional mix ingredient.

Figure 2. Ingredients for a business promotional mix

ADVERTISING

Advertising is a paid form of nonpersonal communication about an organization and/or its products that is transmitted to a target audience through a mass medium. Individuals and businesses use advertising to promote goods, services, ideas, issues, and people. Some of the media commonly selected to transmit advertising are television, radio, newspapers, magazines, direct mail, mass transit vehicles, outdoor displays, handbills, catalogs, and directories. Being a highly flexible promotion method, advertising offers the options of reaching an extremely large target audience or focusing on a small, precisely defined segment of the population. For example, fast-food restaurants are targeting the under-25 age group whereas expensive dinner restaurants target those over 40. The method of advertising can be the same but with a different message.

Advertising offers several benefits. It can be a cost-efficient promotion method because it can reach a vast number of people at a low cost per person. For example, the cost of a four-color, one-page advertisement in *Time* magazine is $100,000. Because the magazine reaches 6 million subscribers, the cost of reaching 1,000 target subscribers is only $16.66 per thousand readers. The formula looks like this:

$\frac{100,000}{6,000,000}$ = 0.0166 x 1,000 = $16.66 per thousand readers

Gerber Products Company used magazine advertising to expand into a new market area that represents only 4 percent of all households in the United States. The company decided to expand its products for babies by offering a new line of products called First Foods Fruits and Vegetables—a 100 percent natural line of foods meant for earlier feeding. To reach the target audience of households defined as women 18 to 34 with children younger than 2 years, Gerber advertised in magazines such as *American Baby, Mothers Today, People, Parents,* and *Redbook,* among others. Advertising lets the user repeat the message a number of times. In addition, advertising a product a certain way can add to its value. The visibility that an organization gains from advertising enhances the small business's public image.

Advertising also has several disadvantages. Even though its cost per person reached may be low, its total dollar cost can be extremely high. The cost can limit, and sometimes stop, its use in a promotional mix. Moreover, advertising rarely provides rapid feedback. Measuring its effect on sales is difficult, and it ordinarily has less persuasive impact on customers than personal selling.

PERSONAL SELLING

Personal selling is informing customers and persuading them to purchase products through personal communication in an exchange situation. The phrase *purchase products* should be thought of in its broadest form so as to include the acceptance of ideas and issues, too.

Personal selling has both advantages and limitations when compared with advertising. Advertising is nonpersonal communication aimed at a relatively large target audience, while personal selling is personal communication aimed at one or several individuals. Reaching one person through personal selling costs considerably more than it does through advertising. But, personal selling efforts often have greater impact on customers. Remember, too, that personal selling provides immediate feedback, which allows the small business owner to adjust the message to improve communication. It also helps to determine and to respond to customers' needs for information.

Telemarketing is a form of personal selling, accounting for 46 percent of all direct marketing purchases. Highly trained telemarketing account executives do everything that salespeople do, except they do it over the phone. They take over all the functions involved in a sale—including the selling. This saves the organization money because the account executive can make as many as 30 sales calls in 1 day. The benefits of telemarketing are its low cost and ability to instantly reach the potential customer. The key to telemarketing is to recruit and train the right sales people. If salespeople are ineffective in the field, they will continue to be ineffective behind a telemarketing desk.

WHAT IS THE ROLE OF PUBLIC RELATIONS?

Public relations is a broad set of communication activities used to create and maintain favorable relations between the organization

and its publics: customers, employees stockholders, government officials, and society in general. Public relations is essential in today's complex world to smooth the process of communication and understanding. The public relations effort involves research and analysis, policy formation, programming, communication, and feedback from the customers affected. A business has at its disposal tools of communication so swift, so abundant, and so pervasive that their potential is not yet fully understood. Messages are flashed around the world by satellite within seconds. Computers produce almost instantaneous calculations, operate machinery, and pour out information at the rate of thousands of words a minute. Huge warehouses of information stored in electronic data banks are available at the touch of a fingertip to a keyboard.

Today's generation also has at its command an understanding of human behavior far greater than ever before. Research and analysis have provided knowledge of the motivation behind individual behavior, the dynamics of group conduct, and the psychological and sociological factor that create interest areas. We know that *public opinion* consists of many "publics" whose interests, desires, and attitudes differ. The world needs a group of communicators and interpreters who can explain the goals and methods of a business, an organization, an individual, and a government to others in a socially responsible manner.

The *key words* to remember in defining public relations are as follows:

- DELIBERATE. Public relations activity is intentional. It is designed to influence, to gain understanding, to provide information, and to obtain *feedback* (reaction from those affected by the activity).

- PLANNED. Public relations activity is organized. Solutions to problems are discovered and logistics are thought out, with the activity taking place over a period of time. It is systematic, requiring research and analysis.

- PERFORMANCE. Effective public relations is based on the actual policies and performance of an individual or business. No amount of public relations can generate goodwill and support if an organization is a poor employer or unresponsive to community concerns. To illustrate this, remember that "you cannot make a silk purse out of a sow's ear."

- PUBLIC INTEREST. The rationale for any public relations activity is to serve the public interest and not simply to achieve benefits for the organization. Ideally, public relations activity is mutually beneficial to the organization and the public. It is the alignment of the organization's self-interests with the public's concerns and interests. For example, the Atlantic Richfield Company sponsors quality programming on public television because it enhances the company's image; by the same token, the public benefits from the availability of such programming.

- TWO-WAY COMMUNICATION. Dictionary definitions often give the impression that public relations consists only of giving out selected information to different audiences. It is equally important, however, that the definition include feedback from audiences. The ability to listen is

an essential part of the communication process.

Publicity is one important form of public relations. *Publicity* is communication in the form of news stories, regarding an organization and/or its products, that is transmitted via mass media at no charge. Publicity can be presented through a variety of vehicles, several of which we examine in this section.

Although publicity and advertising both depend on mass media, they differ in several respects. Whereas advertising messages tend to be informative or persuasive, publicity is mainly informative. Advertisements sometimes are designed to have an immediate impact on sales; publicity messages are more subdued. Publicity releases do not identify sponsors as their sources; advertisements do.

When advertising is used, the sponsor pays for the media time or space. For publicity, an organization does not pay for the use of time or space; communications through publicity usually are included as part of a program or a print story. Advertisements usually are separated from the broadcast programs or editorial portions of print media so that the audience or readers can easily recognize (or ignore) them. Publicity may have greater credibility than advertising among consumers because as a news story, it may appear more objective. Finally, a business can use advertising to repeat the same messages or issues as many times as desired; publicity is generally not subject to repetition.

There are several types of publicity mechanisms. The most common is the *news release*, which is usually a single page of typewritten copy containing fewer than 300 words. A news release also gives the business's or agency's name, its address and phone number, and the contact person. Automobile companies often use news releases to introduce new products. A *feature article* is a longer manuscript (up to 3,000 words) that usually is prepared for a specific publication. A *captioned photograph* is a photograph with a brief description that explains the picture's content. Captioned photographs are especially effective for illustrating a new or improved product with highly visible features.

There are several other kinds of publicity. A *press conference* is a meeting used to announce major news events. Media personnel are invited to a news conference and usually are supplied with written materials and photographs. In addition, letters to the editor and editorials sometimes are prepared and sent to newspapers and magazine publishers. However, newspaper editors frequently allocate space on their editorial pages to local writers and national columnists. Finally, films and tapes may be distributed to broadcast stations in the hope that they will be aired.

An entrepreneur's choice of specific types of publicity depends on considerations that include the type of information being transmitted, the characteristics of the target audience, the receptivity of media personnel, the importance of the item to the public, and the amount of information needed to be presented.

Sometimes, an owner uses a single type of publicity in a promotion mix and in other cases may use a variety of publicity mechanisms, with publicity being the primary ingredient in the promotion mix.

SALES PROMOTION

Sales promotion includes a group of activities which entice the customer, offer added value, or purchase incentive. Do not confuse the term *sales promotion* with *promotion;* sales promotion is but a part of the larger area of promotion, encompassing efforts other than personal selling, advertising, and public relations. Currently, small business owners spend about one and one-half times as much on sales promotion as they do on advertising. Sales promotion appears to be growing in use more than advertising. In some companies, such as The Quaker Oats Company, the promotion budget is split into 75 percent for sales promotion and 25 percent for advertising. Predictions through the end of the decade show advertising growing 7 to 10 percent, whereas sales promotion is projected to grow 12 to 15 percent.

Frequently, sales promotion is used to improve the effectiveness of other promotional mix ingredients, especially advertising and personal selling. Entrepreneurs design sales promotions to produce immediate, short-run sales increases. For example, Hardee's successfully promoted a free-with-purchase premium toy item. This not only increased dessert sales but had a significant impact on store sales in participating markets. Hardee's sold a series of California Raisins (two-inch-high plastic figures) for 99 cents each with any dessert purchase. There were four raisin figures available (a different one for each week of the month) to promote Hardee's Cinnamon 'n' Raisin biscuits. Hardee's was able to use a readily identifiable character—developed to support the raisin industry—to promote its own products. The raisin industry benefitted from the relationship through Hardee's massive media campaign, which gave more exposure to their own promotion campaign.

WHAT ARE THE OPTIONS OF SALES PROMOTION?

There are numerous sales promotion methods. The major ones include sampling, contests, sweepstakes and games, premiums, couponing, product demonstrations, and point-of-purchase displays.

Sampling, the actual giving away of a product to the consumer, is an old and widely used device for building consumer demand—especially when the product is new or has new features. The cost of sampling can be high because you are giving away your product. Sampling is an effective sales promotion device when the product is a frequently purchased convenience good which consumers buy regularly. These include soft drinks, coffees, cleaning products, soaps, and even food items.

Contests, sweepstakes, and games are sales promotion devices that offer prizes to consumers as a reward for purchasing the product. For example, a contest may ask consumers to write in 25 words or less why you like product X. The objective is to encourage consumption of your product by creating consumer involvement. When using these devices you must remember that the consumer is under no legal obligation to purchase the product, even if he or she wins. These three devices can be conducted over a long period of time and is good in bringing about publicity for your business.

Premiums are offered on products to lower the cost of the item or even give it away for free. This encourages the consumer to buy the product after trying it first. Oftentimes there will be premiums listing "buy one—get one free" in order to attract attention to the product. If the consumer is pleased with the performance of the product, many times the consumer will continue to purchase your product. This makes the cost of the premium low because of the paid off in the end.

Couponing is generally a certificate that, when presented to a retailer, entitles the holder to either a specified savings on a product or a cash refund. Most coupons are issued by larger companies because there is no price reduction on the package and the retailer is only paid for accepting them.

Product demonstrations are used sometimes as a sales promotion device. Many businesses pay demonstrators to go from store to store giving free samples of the product to consumers. This can be a small piece of a pizza or a free sample of a floor wax. Although more costly, this strategy does yield good results.

Displays are a type of sales promotion. A display is created to focus on the product.

Although advertising and public relations can create interest in a product or a company, the company can only make a sale when the customer approaches the store. The display provides visual encouragement to the customer.

If a prospective customer is attracted to the exterior of a store, that customer is more likely to shop there. One important factor is the sign identifying the store. A good sign provides clear identification and reflects the image the store is trying to create.

Another important part of the store front is the window display. Some retailers give window displays credit for as much as one-third of their business. The best results are obtained on streets with heavy pedestrian traffic.

One of the store's most important internal visual images is that of the display of merchandise. Merchandise is pleasing to the eye when it is grouped by type (for example, men's socks and stoves generally do not sell well when placed side-by-side); displayed appealingly; and kept fresh, clean, and well stocked.

There are four basic types of displays. First, *open displays* are where the merchandise shown is not enclosed in a display case. Most department stores place clothing in open displays so people can touch it. Second, *closed displays* are where the merchandise is housed inside a display case. Expensive jewelry is usually displayed this way.

Third, *model displays* are where the merchandise is shown as it would look in actual use. You probably have seen model kitchens, bedrooms, and recreation rooms in department and furniture stores. Fourth, *wall and ledge displays* occupy space that would otherwise be wasted in the store. Goods displayed in wall or ledge displays are usually not sold to the customer. This type of display may include baskets of artificial flowers to relate to the coming of the spring season or snowflakes for the Christmas season.

HOW ARE PROMOTIONAL MIX INGREDIENTS SELECTED?

Having discussed the basic components that can be included in the business's promotional mix, what factors and conditions affect the selection of the promotion methods that a specific business uses?

Entrepreneurs vary the composition of promotional mixes for many reasons. Although all four ingredients can be included in a promotional mix, frequently an entrepreneur uses fewer than four. A business's promotional mix is a changing part of the marketing mix. Small business owners can and do change the composition of their promotional mixes. The specific promotional mix ingredients employed and the intensity at which they are used depend on a variety of factors, including the business's promotion resources, objectives, and policies.

The quality of an organization's promotion resources affects the number and relative intensity of promotional methods that can be included in a promotional mix. If the promotional budget is extremely limited, the business is likely to rely on personal selling and publicity. A business must have a sizable promotion budget if it is to use regional or national advertising. Organizations with extensive promotion resources usually can include more ingredients in their promotional mixes.

An organization's promotion objectives also influence the types of promotion used. If the business's objective is to create mass awareness of a new convenience good, its promotional mix is likely to be heavily oriented toward advertising, and public relations. If a business hopes to educate consumers about the features of durable goods such as home appliances, its promotional mix may consist of advertising, and personal selling. If a business's objective is to produce immediate sales of consumer nondurables, the promotional mix probably will depend heavily on sales promotion efforts.

Another element that should be considered when planning a promotional mix is whether to use a *push policy* or a *pull policy*. With a *push policy*, the producer promotes the product only to the next institution down the marketing channel. For instance, in a marketing channel with wholesalers and retailers, the producer promotes to the wholesaler because in this case the wholesaler is the channel member just below the producer (see Figure 3). Each channel member in turn promotes to the next channel member. A push policy usually relies heavily on personal selling and sales promotion.

As Figure 3 shows, a business that uses a *pull policy* promotes directly to consumers with the intention of developing a strong consumer demand for the products. This is done through advertising that helps manufacturers build and maintain market share. Given strong consumer demand, consumers will look for the products in retail stores. Seeing the demand, retailers will in turn go to wholesalers or the producer to buy the products. The policy is thus intended to "pull" the goods down through the channel by creating demand at the consumer level.

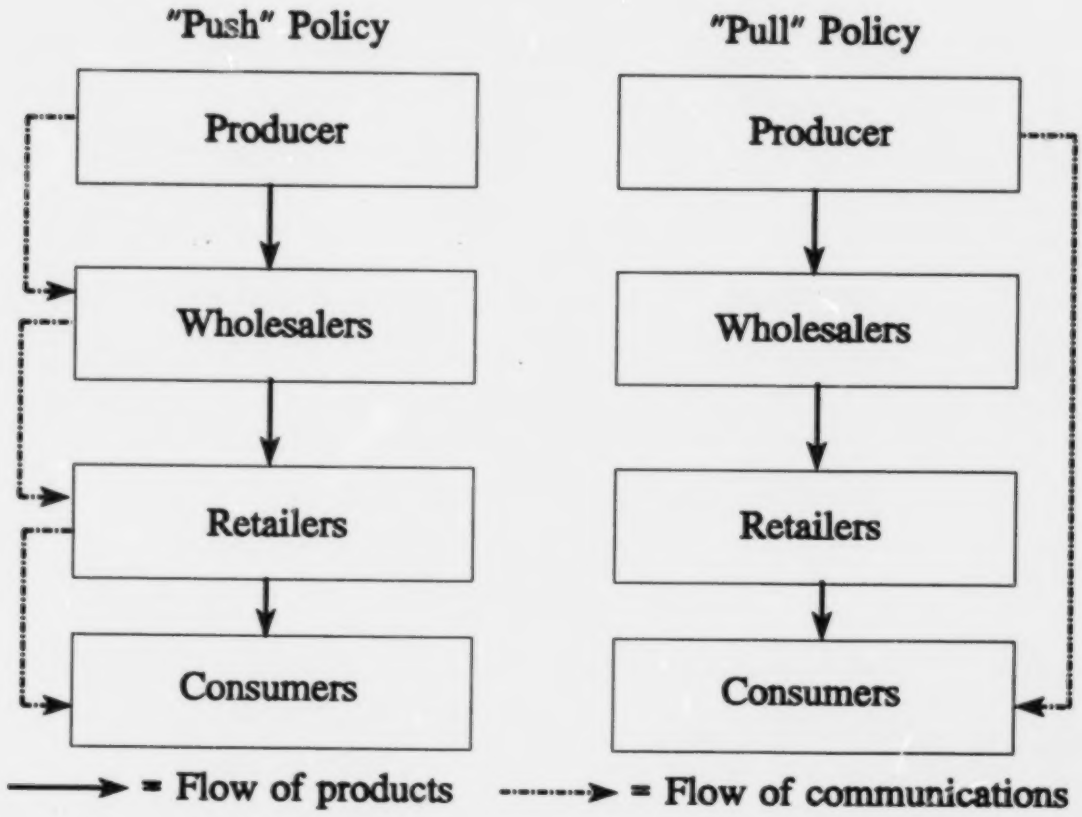

Figure 3. Comparison of push and pull promotional policies

HOW DO YOU ANALYZE MEDIA?

Small business owners spend tremendous amounts of money on promotional media. These amounts have grown rapidly during the past two decades. To derive the maximum results from media expenditures, the owner must develop an effective way to analyze the available media. This sets forth the exact media vehicles to be used (specific *magazines*, *television stations*, *newspapers*, and so forth) and the dates and times that the advertisements will appear. To formulate a media plan, the entrepreneur selects the media for a campaign and devises a time schedule for each medium. The primary goal is to reach the largest number of people in the promotional target market on a per-dollar-cost on the media selected. This means that the goal is to achieve the appropriate message reach and frequency for the target audience while staying within the budget.

Those doing the planning begin by making rather broad decisions. Eventually, however, they must make very specific choices. A

planner first must decide which kinds of media to use: *radio*, *television*, *newspapers*, *magazines*, *direct mail*, or *outdoor displays*. After making the general media decision, the planner selects specific area within each medium. Gerber Products Company, a baby food producer, might use magazines, specifically young women's magazines and family-center magazines.

When planning, there are many factors to consider when evaluating media. Because the various media appeal to particular demographic groups in particular locations, you must analyze the location and demographic characteristics of people in the promotion target market. For example, there are radio stations especially for teenagers, magazines for men in the 18-to-34 age group, and television programs aimed at senior citizens. In choosing, you should also consider the size and type of audience and the specific type of media used by this group. Several data services collect and periodically publish information about the circulations and audiences of various media.

The cost of media is an important but troublesome consideration. In planning, try to obtain the best coverage possible for each dollar spent. But remember, there is no accurate way of comparing the cost and impact of a television commercial with the cost and impact of a newspaper advertisement.

The content of the message sometimes affects the choice of media. Print media can be used more effectively than broadcast media to present many issues or numerous details. The maker of Grey Poupon, a zesty brown mustard, found an interesting way to increase sales of its product with print advertisements. Recipes were developed using Grey Poupon. The promotion mentioned a particular recipe and invited readers to send away for a complete recipe book. Response to the four-color print advertisements was overwhelming, with 10,000 requests processed in the first month. Use of the print medium lets Grey Poupon target a particular audience. If an advertiser wants to promote beautiful colors, patterns, or textures, media that offer high-quality color reproduction—magazines and television—should be used instead of newspapers. For example, food can look extremely appetizing and delicious in a full-color magazine advertisement, but it might look far less so in black and white.

HOW IS THE PROMOTIONAL MIX CREATED FOR A SMALL BUSINESS?

The basic content and form of the promotion message is a function of several factors. The product's features, uses, and benefits affect the message's content. Characteristics of the people in the promotion target market—gender, age, education, race, income, occupation, and other attributes—influence both the content and form. When Crest promotes its toothpaste to children, the company emphasizes the importance of daily brushing and cavity control. When Crest is marketed to adults, the tartar and plaque issues are discussed. To communicate effectively, you must use words, symbols, and illustrations that are meaningful, familiar, and attractive to those people who make up the target market.

The choice of media obviously influences the content and form of the message. Effective outdoor displays and short broadcast

spot announcements require concise, simple messages. Magazine and newspaper advertisements can include much detail and long explanations. Because several different kinds of media offer geographic selectivity, a precise message content can be tailored to a particular geographic section of the advertising target. Some magazine publishers produce regional issues. For a particular issue, the advertisements and editorial content of copies appearing in one geographic area differ from those appearing in other areas. A clothing manufacturer that advertises in *People Magazine* might decide to use one message in the western region and another in the rest of the nation. In addition, a company may choose to advertise in only a few regions. Such geographic selectivity lets a business use the same message in different regions at different times.

WHAT IS THE PROMOTION CAMPAIGN?

Putting the promotion campaign into action requires an extensive amount of planning and coordination. Production companies, research organizations, media firms, printers, photoengravers, and commercial artists are just a few of those who contribute to making your campaign become reality. Implementation requires detailed schedules to ensure that various phases of the work are done on time. In some instances, changes have to be made during the campaign so it meets campaign objectives more effectively.

Promotion can be evaluated before, during, and after the campaign. Evaluations performed before the campaign begins are called *pretests* and usually attempt to evaluate the effectiveness of one or more elements. To pretest advertisements, businesses sometimes use a *consumer jury*, a number of persons who are actual or potential buyers of the product or service. Jurors are asked to judge one or several dimensions of two or more advertisements. Such tests are based on the belief that consumers are more likely than experts to know what will influence them.

To measure effectiveness during a campaign, you should take advantage of *inquiries*. In the initial states of a campaign, you may use several advertisements simultaneously, each containing a coupon or a form requesting information. Then, record the number of coupons that are returned from each type of advertisement. If you receive 78,528 coupons from advertisement A, 37,072 coupons from advertisement B, and 47,932 coupons from advertisement C, advertisement A is judged superior to advertisements B and C.

Evaluation of promotion effectiveness after the campaign is called a *posttest*. Objectives often indicate what kind of posttest will be appropriate. If you set objectives in terms of communication—product awareness, brand awareness, or attitude change—then the posttest should measure changes in one or more of these areas. Professionals sometimes use consumer surveys or experiments to evaluate a campaign based on communication objectives. These methods are costly, however.

For campaign objectives that are stated in terms of sales, you should determine the change in sales or market share that can be attributed to the campaign. Unfortunately, changes in sales or market share that result from promotion techniques cannot be measured precisely. Many factors independent of promotion affect a business's sales and

market share. Competitive actions, government actions, changes in economic conditions, consumer preferences, and weather are only a few factors that might enhance or diminish a business's sales or market share. However, by using data about past and current sales and promotion expenditures, a small business owner can make estimates of the effects of a campaign on sales or market share.

Because consumer surveys and experiments are so expensive, and because it is so difficult to determine the direct effects of promotion methods on sales, many owners evaluate print advertisements according to the degree to which consumers can remember them. The posttest methods based on memory include recognition and recall tests. Such tests usually are performed by research organizations through consumer surveys. If a *recognition test* is used, individual respondents are shown the actual advertisement and asked whether they recognize it. If they do, the interviewer asks additional questions to determine how much of the advertisement each respondent read. When recall is evaluated, the respondents are not shown the actual advertisement but instead are asked about what they have seen or heard recently.

Recall can be measured through either unaided recall or aided recall methods. In an *unaided recall test*, subjects are asked to identify advertisements that they have seen recently, but they are not shown any clues to stimulate their memories. A similar procedure is used with an *aided recall test*, except respondents are shown a list of products, brands, company names, or trademarks to jog their memories. Research organizations such as Gallup provide syndicated research services regarding recognition and recall of advertisements. Researchers are also using a sophisticated technique called single-source data. With this technique, individuals' behaviors are tracked from television sets to the check-out counter. Monitors are placed in preselected homes, and microcomputers record when the television set is on and which station is being viewed. At the supermarket check-out, the individual in the sample household presents an identification card. The checker records the purchases by scanner, and the data are sent to the research facility. This technique is bringing more insight into people's buying patterns than ever before.

The major justification for using recognition and recall methods is that individuals are more likely to buy a product if they can remember an advertisement about it than if they cannot. That individuals remember an advertisement, however, does not mean they will actually buy the product or brand advertised. Evidence shows that the more "likable" an advertisement is, the more persuasive it will be with consumers. People who enjoy an advertisement are twice as likely to be convinced that the advertised brand is best.

Charming advertisements, however, are by no means absolutely necessary. Advertising experts cite the Wisk's "ring around the collar" and Mr. Whipple's "don't squeeze the Charmin" campaigns as classic examples of irritating advertisements that have nonetheless helped sell those brands for many years.

WHO DEVELOPS THE PROMOTION CAMPAIGN?

A campaign may be handled by (1) an individual or a few persons within the business, (2) an advertising department within the organization, or (3) an advertising agency.

In very small businesses, one or two individuals are responsible for promotion activities. Usually these individuals depend heavily on personnel at local newspapers and broadcast stations for copy writing, artwork, and advice about scheduling media.

When an organization uses an advertising agency, the business and the agency usually develop the promotion campaign jointly. How much each party participates in the campaign's total development depends on the working relationship between the business and the agency. Ordinarily a business relies on the agency for copy writing, artwork, technical production, and formulation of the media plan.

WHEN MUST YOU DEAL WITH UNFAVORABLE PUBLICITY?

Up to this point the discussion of promotion has been as a planned process. However, businesses may have to deal with unfavorable publicity regarding an unsafe product, an accident, the actions of a dishonest employee, or some other negative event. Here, a totally different strategy must be designed and set into motion.

The negative impact of unfavorable publicity can be quick and dramatic. A single negative event that produces unfavorable publicity can wipe out a business's favorable image and destroy consumer attitudes that took years to build through promotion efforts. To protect a business's image, it is important to avoid unfavorable publicity, or at least to lessen its effects. First and foremost, the business can directly reduce negative incidents and events through safety programs, inspections, and effective quality control procedures. But because small businesses obviously cannot eliminate all negative occurrences, it is important that they establish policies and procedures for the news coverage of such events. These policies should be designated to lessen negative impact. In this manner, before problems arise, one person should be chosen as a spokesperson for the business. Other employees should be notified about the selection of this spokesperson, and that the only one approved by the organization to make comments is this person. This policy will avoid differing stories being told by several employees.

In most cases, organizations should expedite news coverage of negative events rather than trying to discourage or block it; the facts are more likely to be reported accurately. If news coverage is discouraged, there is a chance that rumors and misinformation will be passed along. An unfavorable event can easily balloon into a scandal or a tragedy. It could even result in public panic.

Overall, promotion is an important part of the entrepreneur's business function. It aids in starting a business, keeping that business growing, and slowing the rate of decline in troubled times. Since developing and managing promotion is critical to the business's survival and growth, it is with all the areas of the promotional mix that add up to successful operation of the entrepreneur's small business operation.

ACTIVITIES

The following activities are designed to help you apply what you have learned in this unit.

INDIVIDUAL ACTIVITIES

A.

Select contemporary promotional themes or slogans that illustrate an attempt to achieve each of the following:

(a) to increase sales during an off season,
(b) to increase the variety of product uses,
(c) to increase the number of products sold,
(d) to introduce a new product,
(e) to counteract competition, and
(f) to maintain loyalty to your product.

Do most of these messages have more than one area of promotion which can be successfully applied? Explain.

B.

What are some "public relations situations" you have encountered recently that were handled negatively? How do you feel toward the businesses that were involved? How could each business have better handled the situation?

GROUP ACTIVITIES

A.

In teams of four to six, examine the rate charts in for three consumer publications (these are listed in the magazine's policy pages). Analyze them to account for the difference in rates and compare the number and types of consumers reached by each publication. Then, suggest five questions a media buyer should ask in selecting one or more of the publications for promotion purposes.

B.

In teams of four to six, give specific examples of when would be the best time to promote your business by using (1) advertising, (2) displays, (3) personal selling, (4) sales promotion, (5) publicity, and (6) public relations. What are the advantages and disadvantages of each? What changes are needed from one promotion technique to the other?

CASE STUDY

Connie Kimrey has been a homemaker for many years, raising her family and tending to chores. Now that her children are away at college, Connie has decided to begin a new career in business. She has a degree in business and decided to answer an ad by a local entrepreneur she knew. The job involved making a promotion campaign for a 3-year-old, small chemical production business. Her husband Bill, a local politician, completely agreed with her plans and thought this would be a perfect job.

When Connie started training for her new position, she found incomplete information about the necessary functions of the business and the owner was always too busy to talk to her about it. She noted that the business had a *small problem* dealing with people who lived in the area. They stated that the smoke the chemical production plant produced coated their grass, houses, and cars. The owner would not speak to them and sent Connie to see what they wanted.

Since Kimrey's husband is a politician, she feels a favorable solution must be reached that follows the law. After careful research, she noted that no laws had been broken and discussed this with some of the homeowners in the area. Her daughter Sherry has a public relations class at college and said that the image of the business is at stake along with its total survival due to this publicity. The residents are now threatening to sue if the chemical plant does not stop production. The owner will still not speak to the people and Kimrey does not see any way possible for the owner and the residents to come to terms on this issue. She knows she is capable of helping but is uncertain about how to proceed.

DISCUSSION QUESTIONS

1. What is wrong with Connie's situation?
2. Create a promotional plan to help her.
3. What role does the small business owner play in this?
4. Who should speak for the business?
5. How can this situation come to an end where the business will win?

ASSESSMENT

Read the following questions to check your knowledge of the topics presented in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. Explain why promotion is important.

2. Identify the four components are of the promotional mix. When should each of these components be used?

3. Identify the different media which are available to small businesses.

4. Is cost ever a factor in choosing media? Why or why not.

5. Explain the difference between promotional efforts used with a pull policy and those used with a push policy.

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PACE

Unit 1. Your Potential as An Entrepreneur
Unit 2. The Nature of the Small Business
Unit 3. Business Opportunities
Unit 4. Global Markets
Unit 5. The Business Plan
Unit 6. Help for the Entrepreneur
Unit 7. Types of Ownership
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Unit 14. Human Resources
⇨ Unit 15. Promotion
Unit 16. Selling
Unit 17. Record Keeping
Unit 18. Financial Analysis
Unit 19. Customer Credit
Unit 20. Risk Management
Unit 21. Operations
Resource Guide
Instructor's Guide

Units on the above entrepreneurship topics are available at the following levels:

* Level 1 helps you understand the creation and operation of a business
* Level 2 prepares you to plan for a business in your future
* Level 3 guides you in starting and managing your own business